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Review of the efficiency of the administrative and financial functioning of the United Nations

Programme budget for the biennium 2008-2009

Accountability framework, enterprise risk management and internal control framework, and results-based management framework

Report of the Secretary-General

Summary

The present report responds to General Assembly resolution 61/245, in which Member States requested the Secretary-General to submit reports on the following areas: the Secretariat's accountability framework, the enterprise risk management and internal control framework, and the results-based management framework. It also responds to the Assembly's request in resolution 59/272 for the Secretariat to report annually on measures taken to strengthen accountability in the Secretariat.

The work of the Organization has grown at a fast pace in the past 10 years, making it difficult for Member States and the Secretariat to see clearly whether the Organization is doing the right things and doing things right. The challenges are great. The Organization is not only expected to do more, but it is expected to work with greater accountability, transparency, efficiency and effectiveness. There must be an increased focus on results, but at the same time, attention must be given to how the Organization achieves those results, where improvements can be made, what risks are acceptable and what measures are in place to enable the Organization to function effectively.

The concepts and proposals presented in the present report and the addendum thereto are aimed at achieving a fully results-oriented Organization that plans for and mitigates risks to success and that holds managers and staff at all levels accountable for the achievement of results.

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The report proposes a comprehensive accountability architecture that encompasses three key elements of institutional and personal accountability: performance, compliance and integrity. These three elements reflect the Organization's commitment to achieving results while respecting its regulations, rules and ethical standards.

The proposed accountability architecture would build on the existing accountability framework, which is the chain of responsibility, authority and accountability that flows institutionally from the intergovernmental organs to the Secretary-General and personally to managers and staff members.

The architecture would include a new dimension for enterprise risk management and internal control, which would enable the Secretariat to take a systematic and holistic approach proactively to identify, assess, evaluate, prioritize, manage and control risk across the Organization.

The accountability architecture would also reflect a fully developed results-based management framework, including improved and more frequent monitoring and evaluation, in order to increase the likelihood of achieving results.

Overall, these three frameworks — together with their linkages to existing structures and mechanisms — should lead to a strengthened, better managed and more accountable Organization.

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I. Introduction

1. In its resolution 61/245, the General Assembly requested the Secretary-General to submit reports on the following areas: the Secretariat's accountability framework, the enterprise risk management and internal control framework, and the results-based management framework. This request arose from the recommendations made by the Secretary-General in his comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies (A/60/883). Those recommendations were based on the premise that improved management and oversight require the strengthening of the accountability framework for senior management; the implementation of a framework for managing risk through enterprise risk management and assigning responsibility for internal controls; and the comprehensive implementation of results-based management.

2. The General Assembly also requested the Secretary-General to submit annually a report on measures implemented that were aimed at strengthening accountability in the Secretariat (resolution 59/272).

3. The present report constitutes a response to the above-mentioned requests. It has been influenced by the emphasis in the 2005 World Summit Outcome (General Assembly resolution 60/1) on the importance of establishing effective and efficient mechanisms for accountability. Synergies among the Secretariat's accountability framework, the enterprise risk management and internal control framework, and the results-based management framework are illustrated, and an explanation of how these management tools complement ongoing management reform efforts and how they will collectively lead to an integrated and comprehensive accountability architecture is provided. It is proposed that, under this architecture, the General Assembly could more readily hold the Secretariat accountable for its activities and results, including the management of financial and human resources, as well as the management of programmatic activities. The Organization would focus on results rather than inputs and outputs of efforts and processes while emphasizing ethical conduct and compliance with regulations and rules. Such practice would reinforce a system within the Organization of making funding decisions on the basis of expected results, not just on the process of achieving them. At the same time, the United Nations would devise and implement a system for managing its risks. This would enable the Organization to accomplish optimal results through advanced risk analysis and, where appropriate, realizing the benefits of new opportunities.

4. An analysis of the three management tools — the accountability framework, the enterprise risk management and internal control framework, and the results-based management framework — is provided, as well as their linkages to existing structures and mechanisms, including those within the Secretariat, such as the Department of Management, the Ethics Office and the Management Performance Board, and those which are independent of or external to the Secretariat, such as the Office of Internal Oversight Services (OIOS) and the new Independent Audit Advisory Committee.

5. There is a need for the Secretariat to modernize its dated management practices and to develop a comprehensive accountability architecture encompassing and holding accountable all those who make key decisions for the Organization. Such an architecture would include accountability within the Secretariat, flowing in

both directions between the Secretary-General, the senior managers and the staff. It would also emphasize the Secretariat's accountability to Member States for effectively and efficiently implementing legislative mandates.

6. While staff at all levels should be held accountable, special attention is now being paid to the process for holding senior managers accountable for their performance — starting with the signing and publicizing of annual compacts — because their performance collectively represents that of the Organization. Looking ahead, the annual compacts will better focus managerial performance towards achieving the programmatic results required of the Organization with efficiency, transparency and a clear human resources management strategy. Senior managers will be held accountable for delivering the results they commit to in their individual compacts.

7. Enhancing accountability is a key element for effective United Nations reform. As part of a recent review of the Secretariat's accountability framework, a survey was conducted to gauge staff perceptions of accountability. (Detailed survey results can be found in annex I.) Eighty-eight per cent of respondents agreed with the following statement: "I am generally in support of change, even if it means that the way I do my job or the way that I am appraised changes". It would be timely and advantageous for the Secretariat to act on the overwhelming support for change and take the action necessary to make the Organization fully results-oriented and accountable at every level of authority.

8. Included in the present report are proposals on how the Secretariat should respond to this support for change through the comprehensive accountability architecture. Detailed analyses of the accountability framework, the enterprise risk management and internal control framework, and the results-based management framework are provided. The conclusions section contains a description of how the comprehensive accountability architecture would effectively encompass each of these to vastly improve the measures currently in place in the Secretariat.

II. Comprehensive accountability architecture

9. In the light of three recent reviews of the Secretariat's accountability framework, enterprise risk management framework and results-based management framework, as well as related recommendations from intergovernmental and oversight bodies, the Secretary-General is proposing a comprehensive accountability architecture comprising the three key elements of institutional and personal accountability: performance, compliance and integrity. These three elements reflect the Organization's commitment to achieving results while respecting its regulations, rules and ethical standards.

10. The new architecture would build on the existing accountability framework, under which the Secretary-General delegates authority to his senior managers to implement General Assembly mandates and achieve the expected results within a given resource level. The Secretary-General reports these results to Member States, which can then hold him accountable for the achievement of expected results.

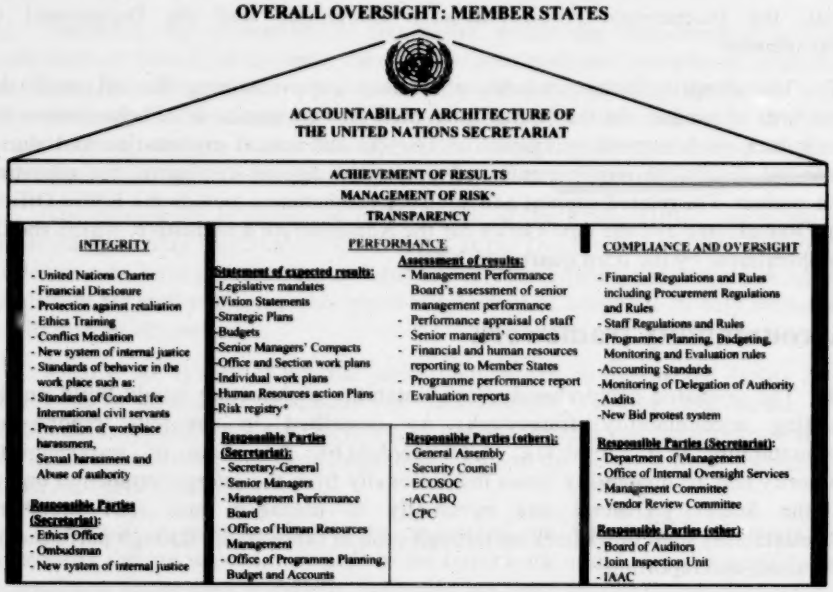
11. The oversight bodies play a crucial role throughout the entire process, both mid-course and ex post facto, as they conduct oversight activities to determine

whether the Secretariat is achieving the intended results and acting ethically and in compliance with the regulations and rules governing its work.

12. The new architecture would also capture the important relationship between transparency and accountability, which are mutually reinforcing concepts. Without transparency, defined here as unfettered access to timely and reliable information on decisions and performance (see E/C.16/2006/4, para. 49), it would be difficult for Member States to hold the Secretariat accountable. Without accountability, such as mechanisms to report on the use of Member State funds and the consequences for failing to meet stated performance objectives, transparency would be of little value. The existence of both is a prerequisite for the effective, efficient and equitable management of the Secretariat.

13. The various instruments, mechanisms and parties relevant to each of the three pillars of the architecture are illustrated in figure I.

Figure I
Overall oversight: Member States


OVERALL OVERSIGHT: MEMBER STATES
ACCOUNTABILITY ARCHITECTURE OF THE UNITED NATIONS SECRETARIAT
ACHIEVEMENT OF RESULTS
MANAGEMENT OF RISK*
TRANSPARENCY
INTEGRITY
- United Nations Charter
- Financial Disclosure
- Protection against retaliation
- Ethics Training
- Conflict Mediation
- New system of internal justice
- Standards of behavior in the work place such as:
- Standards of Conduct for International civil servants
- Prevention of workplace harassment, Sexual harassment and Abuse of authority
Responsible Parties (Secretariat):
- Ethics Office
- Ombudsman
- New system of internal justice
PERFORMANCE
Statement of expected results:
-Legislative mandates
-Vision Statements
-Strategic Plans
-Budgets
-Senior Managers' Compacts
-Office and Section work plans
-Individual work plans
-Human Resources action Plans
-Risk registry*
Assessment of results:
- Management Performance Board's assessment of senior management performance
- Performance appraisal of staff
- Senior managers' compacts
- Financial and human resources reporting to Member States
- Programme performance report
- Evaluation reports
Responsible Parties (Secretariat):
- Secretary-General
- Senior Managers
- Management Performance Board
- Office of Human Resources Management
- Office of Programme Planning, Budget and Accounts
Responsible Parties (others):
- General Assembly
- Security Council
- ECOSOC
-ACABQ
- CPC
COMPLIANCE AND OVERSIGHT
- Financial Regulations and Rules including Procurement Regulations and Rules
- Staff Regulations and Rules
- Programme Planning, Budgeting, Monitoring and Evaluation rules
-Accounting Standards
-Monitoring of Delegation of Authority
-Audits
-New Bid protest system
Responsible Parties (Secretariat):
- Department of Management
- Office of Internal Oversight Services
- Management Committee
- Vendor Review Committee
Responsible Parties (other):
- Board of Auditors
- Joint Inspection Unit
- IAAC

* Proposed pilot project

14. The performance "pillar" shown in figure I includes the various planning instruments that state what the Secretariat intends to achieve and the resources required for success. In essence, these are the documents that specify what results the Organization expects to be held accountable for by Member States. This list includes legislative mandates, strategic plans, budgets, senior managers' annual compacts, office, section and individual workplans and human resources action plans.

15. The performance pillar also includes the mechanisms for holding individual staff and the Secretariat as a whole accountable for the achievement of the goals stated in the documents listed above. These mechanisms include the Management Performance Board's assessment of senior managers' performance against the stated goals and objectives contained in the annual compacts; the performance appraisal of staff at the Assistant Secretary-General level and below; the financial, human resources and programme performance reporting to programme managers, senior managers, Member States and oversight bodies; and evaluation reports.

16. The compliance and oversight pillar includes the Financial Regulations and Rules of the United Nations, the Staff Regulations and Rules, the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation and the Organization's accounting standards. The mechanisms used for assessing individual and organizational compliance with those regulations, rules and standards include monitoring of the delegation of authority and the implementation of oversight body recommendations, the procurement-related bid protest system and audits. The parties responsible for assessing compliance include the Management Committee, the Office of Internal Oversight Services, the Board of Auditors, the Joint Inspection Unit, the Independent Audit Advisory Committee and the Department of Management.

17. The integrity pillar includes mandatory ethics training for all staff, the standards of conduct for the international civil service, standards of behaviour in the workplace, such as policies against harassment and sexual exploitation and abuse, financial disclosure requirements and protection against retaliation for reporting misconduct. The related support and advisory mechanisms include the Ethics Office, the Ombudsman and the new Office for the Administration of Justice, which should be operational by the third quarter of 2008.

III. Accountability framework

18. The proposed comprehensive accountability architecture would build on the existing accountability framework. As described in previous reports on accountability (e.g., A/60/312, A/60/846/Add.6), the chain of responsibility, authority and accountability flows institutionally from the intergovernmental organs to the Secretary-General and personally to managers and staff members. Accountability then flows back up through each of these layers through performance appraisals and reporting.

19. Under Article 97 of the Charter, the Secretary-General is the chief administrative officer of the Organization; the mandates promulgated by the principal organs are entrusted to him for their implementation under Article 98. The Secretary-General is therefore accountable to the Member States for the implementation of those mandates. The Secretary-General's discretion as chief administrative officer is governed by Articles 100 and 101 of the Charter and by the staff, financial and programme planning regulations and rules adopted by the General Assembly. His managerial discretion is exercised under the mandates given to him collectively by Member States and with the resources they make available to carry them out.

20. The Secretariat uses the following working definitions of accountability, which represent its responsibility to Member States for implementing mandates and delivering results, as well as individual staff members' accountability for accomplishing the goals established in their workplans while complying with all rules and regulations and acting ethically:

(a) *Institutional accountability*: the responsibility of the Secretary-General to explain and justify to the General Assembly and other relevant intergovernmental bodies, in a systematic framework and by an orderly process using transparent mechanisms, the performance of the Organization in using resources to achieve results mandated by the Member States in the Assembly and/or other intergovernmental bodies established under the Charter of the United Nations;

(b) *Personal accountability*: the duty of an individual staff member to exercise defined responsibilities appropriately, with a clear understanding of the consequences, and to explain and justify to the official who conferred the authority the results achieved and the manner in which the authority has been exercised.

These definitions assume that Member States are responsible for providing strategic direction and resources commensurate with the mandates given to the Secretariat.

21. Currently, the accountability framework within the Secretariat is a broad collection of loosely integrated rules, regulations, policies, procedures, protocols, incentives, sanctions, systems, processes and structures that affect the way in which the mission of the Organization is accomplished, from the way in which organizational entities deliver overall programmatic results to the way in which individual employees discharge their personal roles and responsibilities.

22. The framework is supported by the work of the Ethics Office, including the financial disclosure requirement for officials at the D-1 level and above and staff at all levels who have procurement or fiduciary responsibilities, and protection against retaliation for staff members who report misconduct or cooperate in duly authorized audits and investigations.

23. Finally, the system of internal justice, which will be overhauled during 2008, serves as a last-resort guarantor of accountability among individuals. The accountability framework also includes, as external checks and balances, reports of the Board of Auditors, the Joint Inspection Unit and the newly formed Independent Audit Advisory Committee.

24. Although a recent independent review of the Secretariat's accountability framework did not uncover any gaps in the framework, it did identify specific areas of weakness in the current system. Following are three overall themes that emerged from the review:

(a) The Secretariat needs to move its management practices and culture from being largely focused on rules and compliance to being focused on results and outcomes;

(b) Transparency should continue to be increased in the senior management selection process and in the performance review of senior managers, for example, through the senior manager compact process;

(c) Changes in the methods of preparing, motivating and reviewing management and staff should be made in order to improve employee performance and accountability.

25. As part of the framework review, a survey to gauge staff perceptions of accountability was conducted, the results of which support the finding that the current accountability framework is neither broken nor incomplete but does require strengthening, particularly in the area of staff performance management. For example, although respondents were generally positive about supervisors' seriousness concerning the performance appraisal system, the majority of respondents disagreed that the system and the electronic Performance Appraisal System (e-PAS) used appropriately to evaluate and document their performance. A majority also disagreed that management was able to effectively help underperforming workers improve their performance. Equally important, most respondents believed that high-performing staff were not appropriately rewarded and that the best candidates were not selected in the promotion process.

26. Following the assessment of the current accountability framework, nine areas were identified for improving accountability in the Secretariat. Those areas related to human resources will be coordinated with the broader human resources reform efforts currently being considered and implemented, as there are several initiatives under way that will begin to address some of the improvement areas identified through the review. The nine areas are as follows:

- **Improvement area 1: develop a written process for the selection of senior managers in order to increase transparency.**

  Impact on accountability: transparency of the senior management selection process builds support and trust of management and management-level decisions among staff and other stakeholders.

- **Improvement area 2: continue to implement, expand and refine the senior manager compact process with a focus on delivering results.**

  Impact on accountability: the compact process demonstrates leadership's commitment to a results-based culture, thus setting the tone for a shift from a focus on compliance to results orientation.

- **Improvement area 3: continue to develop meaningful, results-oriented performance metrics and mechanisms to communicate progress.**

  Impact on accountability: as discussed in section V below, the development and refinement of meaningful metrics enables departments to contribute to the Secretariat's mission and strategic goals.

- **Improvement area 4: revitalize the performance appraisal system (e-PAS) to make it a more accepted, flexible and valuable staff development tool.**

  Impact on accountability: refocus e-PAS to support the development of staff to realize the full potential of the workforce and its impact on programmatic success.

- **Improvement area 5: continue to upgrade e-PAS technology to make the tool more user-friendly and to better support field operations.**

  Impact on accountability: improved technology increases manager and staff compliance with performance evaluation requirements, which enables staff members to measure personal success within their department on a regular basis.

- **Improvement area 6: continue to develop a training curriculum, including mandatory components to give managers and staff the tools they need to be more effective in their jobs and to improve the overall performance of the Secretariat.**

  Impact on accountability: tailored training programmes equip staff with the appropriate tools and knowledge they need to be effective in their jobs and accountable for their daily activities.

- **Improvement area 7: build on existing and develop new and creative mechanisms to reward, recognize and motivate staff. Share these ideas throughout the Secretariat.**

  Impact on accountability: the creation of a positive working environment, with incentives and rewards, contributes directly to improved programme performance.

- **Improvement area 8: motivate employees by promoting a sense of achievement and shared values and by highlighting and communicating employee and team contributions to the success of the Organization.**

  Impact on accountability: by establishing a solid foundation with respect to the mission, goals and objectives of the United Nations, the Secretariat can build a stronger community and encourage group and personal performance and accountability.

- **Improvement area 9: continue monitoring and reporting annually on the status of the accountability framework to provide visibility into its execution and evaluation framework.**

  Impact on accountability: monitor the execution and evolution of the accountability framework to effectively understand progress and adapt to changing business needs.

27. The Secretariat will address each of these areas in the course of the reform efforts.

28. The review of the existing accountability framework also reinforced previous oversight body findings related to the Secretariat's processes for monitoring the delegation of authority. An important characteristic of a fully results-oriented organization is the empowerment of managers to take ownership of their programmes, including decisions regarding staff and financial resources. Those responsibilities are delegated from the Secretary-General through his senior managers to line managers and staff with specialized financial, human resources and other administrative responsibilities. Although critical in a results-oriented

management culture, the delegation of authority poses risks to the Organization if not properly standardized and closely monitored.

29. The Secretariat does not systematically monitor the delegation of authority. To address this weakness, the Organization should compile an inventory of existing delegations of authority and regularly monitor, update and report on their use. Any problems identified and proposed solutions should be brought to the attention of the relevant manager or, if necessary, be raised to the Management Performance Board for action.

30. The Secretariat also needs to strengthen its monitoring of the implementation of oversight body recommendations. Managers should be held accountable for the implementation of recommendations that would improve their programme's performance, lower risk and increase the likelihood of achieving results. The proposed architecture would ensure that these measures are undertaken with the benefit of proper risk analysis, as detailed in the following section.

IV. Enterprise risk management and internal control framework

31. In order for managers to be held accountable, they must fully understand the entire scope of their work, including the impact of potential risks. The following discussion provides an overview of how the Organization's current approach to risk must be strengthened and better managed.

32. For any organization, its objectives, internal structure and the environment in which it operates are continually evolving and, as a result, the risks it faces are continually changing. The United Nations is no exception — especially in the light of its ever-expanding field operations (which have provoked, in particular, greater security risk). Oversight arrangements have grown significantly, with internal oversight resources more than doubling in the past five years and the number of external oversight recommendations doubling over the same period. Yet the Organization's current approach to risk and controls largely reflects that which was determined at a time when it was a Headquarters-focused international civil service. That approach is no longer fully reflective of its evolving global operations and the consequent emerging risks. An approach to proactively and systematically managing the Organization's risk and controls is overdue and could be devised within an overarching accountability architecture.

33. To manage risk effectively, there must first be a common understanding of what is meant by "risk". Risk is the effect of uncertainty on objectives, that is, an event, circumstance or consequence that affects the achievement of objectives. Risk management is therefore the process of helping the staff of the Organization to understand, evaluate and manage risk and therefore increase the probability that the Organization will achieve its mandates or objectives. Internal control is a process established to carry out the functions of the Organization in an orderly and efficient manner, to ensure adherence to management policies, to safeguard its assets and to provide reasonable assurance regarding the achievement of the Organization's objectives. One way of managing risk is through the application of appropriate internal controls.

34. Within the public sector, the option to transfer responsibility for a given risk, perhaps through contracting, outsourcing or purchasing insurance, or to avoid risk altogether by not undertaking a particular activity is not always possible. Mandates are assigned to public sector entities that cannot be performed by others. These mandates must be met, and public sector organizations must accept risks that other entities would not be willing to take on and seek ways to manage them better. The United Nations has a very high level of inherent risk (defined as the level of risk prior to any risk management activities) and operates within a highly regulated internal environment — the proactive and consistent management of which is key to ensuring success in achieving its objectives efficiently and effectively.

35. Risks are currently being managed to a certain extent across the Secretariat, but not consistently or systematically. Internal controls currently incorporate the financial rules and regulations, the staff rules, the results-based budgeting framework, the procurement manual and the like, as well as controls embedded within administrative information technology systems, but they are not necessarily adapted to the global operations of the Organization, their relative risks and the importance of their objectives. Some risk management practices are being pursued in selected departments and areas of the Secretariat,[1] but each has developed its own disparate processes and methodologies that follow different risk management standards, are not adequately resourced and are not aligned with one another. Consequently, they do not share a consistent methodology for identifying, evaluating and responding to reporting risks, and therefore limit the ability of the Organization to benefit collectively from their risk management efforts.

36. The greatest threat to success is the failure to manage risk. A new approach is needed that moves away from managing risk and controls in many individual departmental or functional silos and towards aligning risk management and control with the Organization's mandates and objectives and their underlying functions and activities throughout the Secretariat. This allows for systematically embedding risk management into the decision-making processes and operations of the Organization. By applying a new system for managing risk on an enterprise-wide basis, the Secretariat would be able to determine not only locally but globally which risks require treatment (i.e., the development and implementation of measures to modify or manage risks) and to determine the best ways of mitigating them.

37. Today's Secretariat may be considered risk-averse in that risk is perceived as something to be avoided. Restrictive control measures may be applied to reduce the exposure to risk, which may also reduce the Organization's ability to succeed and deliver results on a timely and efficient basis. It is proposed that risk management be designed to be proactive and to allow for new ways to achieve improved results. In other words, risk need not be negative; managed consistently and carefully, risk can create new opportunities for success that would otherwise have been missed. Other anticipated benefits include:

(a) **More efficient use of resources.** Effective risk management would provide a means to identify the main risks to the achievement of programme results and the utilization of resources. The Secretariat would assess regularly whether its

[1] Including the Department of Peacekeeping Operations, the Department of Safety and Security, the Office for the Coordination of Humanitarian Affairs, the Office of Internal Oversight Services, the Office of Human Resources Management and the International Tribunal for the Former Yugoslavia.

internal management controls were reliable and sufficient to minimize the risk of waste, to prevent fraud and to maximize results;

(b) **Improved programme and project management.** All programmes and projects carry risk, and not all are of the same magnitude. Risk assessment at the feasibility and inception stages, and throughout the programme or project life cycle, can help managerial decision-making in the areas of improving forecasts, planning and execution activities, clarifying responsibilities for managing identified risks and helping to reduce costs through more efficient allocation of resources;

(c) **The ability to foster innovation.** The Secretariat must keep pace with developments in the use of best practices and current information technology, the pursuit of which requires a less risk-averse and more forward-thinking and results-oriented culture;

(d) **Strengthened oversight.** This would be achieved by providing better support for the decision-making processes of intergovernmental organs and facilitating risk-based audit planning and the relative ranking and prioritization of audit findings (see annex II).

Enterprise risk management and internal control framework and principles

38. A single integrated framework for enterprise risk management and internal control is proposed. This is in keeping with the current thinking on the convergence of risk management and internal control frameworks that are particular to an organization's internal and external environment.[2] Enterprise risk management would entail a systematic and holistic approach, based on externally developed international standards,[3] to proactively identify, assess, evaluate, prioritize, manage and control risk across the United Nations so as to better achieve the Organization's objectives. The proposed enterprise risk management and internal control framework would be guided by the following principles:

- **Relationship with principal organs, members and partners.** An aligned and consistent risk management approach would be adopted by the Secretariat and the Organization's principal organs in decision-making processes.
- **Review.** Senior management and the General Assembly, with the advice of the Advisory Committee on Administrative and Budgetary Questions and the Independent Audit Advisory Committee, would regularly review the effectiveness of the risk management programme to assess its ongoing contribution to the effective and efficient operations of the Organization in the light of changing operational conditions.
- **Embedding.** Risk awareness within the Organization would reflect that of the Organization's principal organs and constructively influence everyday management decisions.

[2] "Internal Controls — A Review of Current Developments", Professional Accountants in Business Committee, International Federation of Accountants, August 2006.

[3] The proposed framework embodies the appropriate characteristics and principles incumbent in the International Organization for Standardization (ISO) guidelines on principles and implementation of risk management.

- **Support and assurance.** Risk management would provide support in establishing appropriate processes and tools to manage current risks appropriately through a coordinated system of risk evaluation, response and reporting, including early warning indicators of future risks.

39. In order to implement successfully an effective enterprise risk management and internal control framework within the Secretariat, the following guidelines would be applied:

(a) Management at all levels of the Organization would take responsibility for risk and control, and risk and control activities would become the practice of all staff;

(b) Significant risks are identified and managed through an integrated, coordinated and sustainable approach and methodology that are consistently applied. There should be one policy, consistent for the entire Organization, applied individually according to the level of risk;

(c) The approach to enterprise risk and control management should be comprehensive, disciplined and consistent. It should expedite and inform the decision-making process rather than impede it. Risk management should be embedded into the major operational processes — strategic planning, operational and financial management and performance measurement and management;

(d) Accountability and responsibilities for risk and control management should be clear and understood at each step in the process and throughout all levels of the Organization;

(e) The enterprise risk management and internal control framework and related processes should evolve continuously;

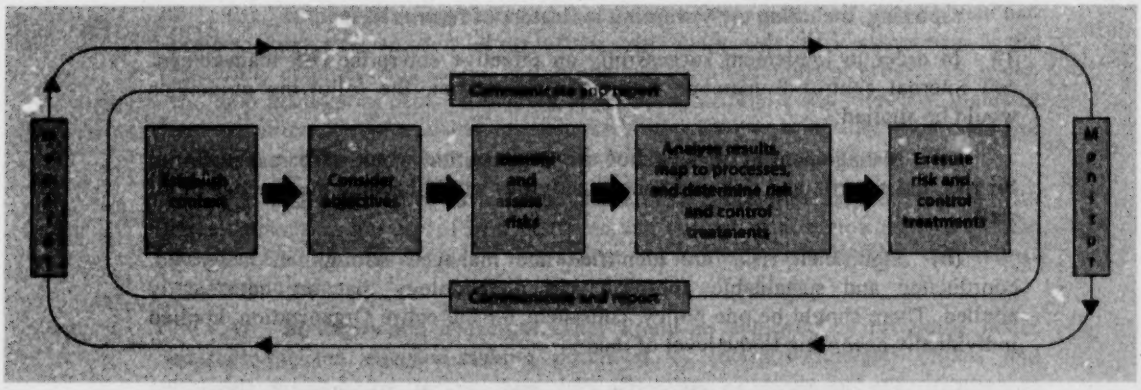
(f) Results and outcomes and adherence to the criteria and requirements built into the risk and control management process should be independently assessed and evaluated;

(g) There should be transparent and periodic reporting and communication around risk assessment and control activities and results — to appropriate senior management, the Management Committee, the Secretary-General and the General Assembly through the Advisory Committee on Administrative and Budgetary Questions and the Independent Audit Advisory Committee.

Enterprise risk management and internal control activities

40. The enterprise risk management and internal control framework activities would support and have an impact on the existing decision-making processes of the Organization, from strategic planning to day-to-day operational decision-making (see figure II).

Figure II
Risk and control management process


Communicate and report
Consider objectives
Analyse results, map to processes, and determine risk and control treatments
Execute risk and control treatments
Monitor
Communicate and report

41. Each department would develop a plan for undertaking its own risk assessment and control activities that reflect the environment within which it operates as well as the frequency of reporting required. The enterprise risk management and internal control process would involve the following main elements:

- Establishment of the context for risk assessment. It is necessary to define why the risk assessment is being performed and what areas it is to cover. This process includes the development of a descriptive catalogue of risk categories and subcategories (the "risk universe"; see annex III) specific to the United Nations. This would help staff, management and Member States to identify risks and to compare them across the Organization. Rating criteria would be developed to measure risks on the basis of their impact and likelihood (see annex IV). The "risk appetite"[4] and "risk tolerance"[5] levels would be determined through the submission of proposals as part of the budgetary process and their endorsement by the General Assembly. Criteria would be established, on the basis of risk, for considering requests for budgetary and/or control flexibility in order to best achieve the Organization's objectives, as discussed in paragraph 45 below.

- Alignment of risks with objectives. Risks should be attributed to or aligned with the mandates and objectives of operations of the Secretariat. The risks inherent in each objective would be understood, measured and prioritized to facilitate the process of determining the actions required to mitigate them.

- Identification and assessment of risks. This process involves identifying the inherent risk — the impact and likelihood of the risk occurring — as well as the level of management and control measures in place, by gathering information from relevant stakeholders and staff within the organizational unit that is conducting the risk assessment. All risks identified during the risk assessment process should have an assigned risk owner, who would be accountable for

[4] "Risk appetite" is defined broadly as the amount and type of risk the Organization is willing to accept in pursuit of its objectives, and is set at the entity level, for the Organization as a whole.

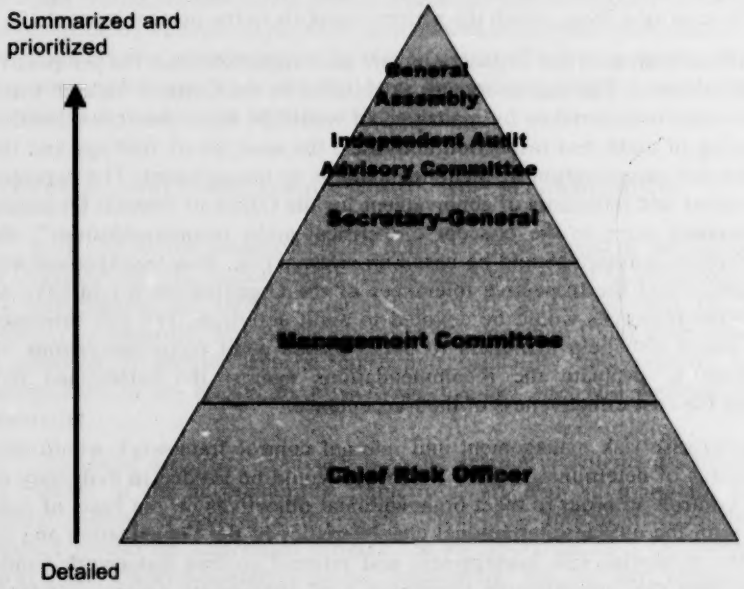
[5] "Risk tolerance" is the specific maximum level of risk acceptable to a department, office, commission, mission or tribunal to meet objectives within the defined risk appetite.

tracking the progress of the risk, updating the management on periodic changes and notifying management when an aspect of a risk requires immediate attention.

- **Analysis of results, mapping to processes and determination of risk and control treatments.** The identified risks are prioritized on the basis of their impact, their likelihood and the effectiveness of existing controls. They are then mapped in order for appropriate action to be taken. The risks are also mapped to the key functions, processes and activities that contribute to the occurrence of the risk or through which the risk is managed or controlled. After evaluation, risks requiring treatment should be assigned to the appropriate risk owners, who would be accountable for managing them.

- **Risk communication and reporting.** Information from the risk management and control process is needed at different levels in the Organization (see figure III). While detailed reports may be prepared, a consolidated profile of the most significant risks (see annex V)[6] would have to be considered by the Management Committee and the Secretary-General, communicated to the Independent Audit Advisory Committee and formally reported to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions. This report would be an amalgam of the risks assessed to be the most critical as against the risk thresholds determined for the Secretariat as a whole.

Figure III
Hierarchy of risk reporting requirements



- **Monitoring of risks and controls.** Regular monitoring of risks is necessary because the Secretariat operates in a constantly changing environment. The

[6] Also known as "tier 1 risks". For an illustration of how the risks would be "mapped" for consideration and a list of the tier 1 risks identified, see annex V.

monitoring process should provide assurance that there are appropriate controls in place for the Organization's activities, that the procedures are understood and followed and that lessons learned and areas for improvement are identified and addressed. Regular audits of policy and standards compliance should be carried out, and standards performance should be reviewed to identify opportunities for improvement.

Establishing the risk appetite and risk tolerances of the Organization

42. It would be important to establish levels of risk that would be acceptable in order to conduct the business of the Organization effectively. This would provide the basis for management to determine whether to invest in appropriate risk-mitigating measures, such as strengthening controls, or to relax them — an important factor when the Organization faces limited resources.

43. A simple example of the concepts of risk appetite and risk tolerance can be found in the area of emergency humanitarian relief, in which it is necessary to deliver emergency supplies or equipment to affected areas between 48 and 72 hours of an emergency event to achieve the objective of saving lives. The defined risk tolerance might be 48 hours (the acceptable level of risk), whereas the risk appetite might be 72 hours, since beyond this point supplies or equipment might be too late, and therefore the activity would have failed to meet its objective. The rating criteria for measuring the risk when establishing risk appetite and tolerance will be specific to the objective to save lives, which the activity supports in the present example.

44. The risk tolerances of the Organization are also important from the perspective of oversight functions. The risk tolerances established by the General Assembly and the risk assessments undertaken by management would be taken into consideration in the planning of audit and inspection activities, the analysis of findings and the identification and prioritization of recommendations to management. The expected accomplishments and indicators of achievement for the Office of Internal Oversight Services currently refer to the concept of "critical audit recommendations", the measure of which in future should be based on relative risk. Risk management and control practices and the respective tolerances of the Organization would have an impact on what resources would be devoted to audit activities. The risk tolerance thresholds would also help managers to better assess audit recommendations by allowing them to evaluate the recommendations against the established risk tolerance and the cost-effectiveness of their acceptance.

45. The enterprise risk management and internal control framework would also provide a means of determining where flexibility would be needed in budgetary or operational controls in order to meet organizational objectives on the basis of risk. In keeping with the unique international characteristics of the Organization and its mandates, the enterprise risk management and internal control framework would need to facilitate the cost-effective maintenance of appropriate control standards while also allowing for flexibility, under appropriate circumstances, in those standards to meet operational exigencies, such as a humanitarian disaster. The measured modification of controls or the implementation of other risk mitigation activities would be carried out in compliance with preset guidelines and thresholds that would dictate the criteria and the level of authority and approval required for

control flexibility to meet operational exigencies. These predetermined criteria would enable management to better balance risk against performance when considering how best to achieve the Organization's objectives.

Addressing the risk of fraud through enhanced preventive activities

46. The risk of fraud and corruption is a specialist area of risk that requires careful management within the resultant enterprise risk management and internal control framework and consideration within the risk assessment, evaluation and risk mitigation activities. The functions, processes and activities associated with many of the risks identified within the Organization are by their nature susceptible to fraud. Pursuant to requests of the General Assembly,[7] a series of measures — built on the enterprise risk management and internal control framework — have been identified to more effectively prevent the fraudulent and corrupt acts of staff and third parties.

47. Prevention is better than cure. Fraudulent and corrupt activities waste valuable resources, burden administrative and investigative functions and tarnish the reputation of the Organization and its dedicated staff who serve with integrity. Successful fraud and corruption prevention activities would assist the Organization in its stewardship and safeguarding of scarce resources, support the integrity of the Organization and protect its reputation and lead to a reduction in cases requiring administration, investigation and sanctioning actions over time.

48. To address the risk of fraud and corruption, a short- and medium-term anti-fraud and corruption prevention plan of action has been developed by the Secretariat and reviewed by external experts for presentation to the General Assembly. The plan comprises a holistic approach to the development of a strong system of fraud and corruption prevention and sets out how the existing and proposed functions to prevent fraud would work together effectively.

Organizational roles, responsibility and accountability

49. Risk and control management are activities to be owned by the management of the Organization. The responsibility for the establishment of an integrated enterprise risk management and internal control framework would rest with the Secretary-General. To assist the Secretary-General in this regard, a Chief Risk Officer would be required to provide specialized expert capability and capacity to support management in its efforts to proactively manage risk and controls within the Secretariat.

50. The senior managers' compacts with the Secretary-General, discussed above in the context of the accountability framework, are also an important element of internal control. It would be necessary to examine further whether the existing compact should be augmented through the incorporation of a certification report from each Under-Secretary-General confirming his or her responsibility in establishing and maintaining a strong internal control environment as a result of the risk assessment process. On an annual basis, each Under-Secretary-General or

[7] See General Assembly resolutions 58/4, annex; 59/264, para. 4, endorsing the recommendation of the Board of Auditors in para. 349 of its report (A/59/5 (vol. I), chap. II); 60/34, para. 6; 60/254, para. 13; and 60/266, sect. V, para. 3.

equivalent position could be required to prepare and submit to the Secretary-General such a certification report as a further instrument to enhance accountability. The certification report would address only those risks within the respective span of control, namely, where the Under-Secretary-General is also the risk treatment owner, and would require integration within the existing compact structure. If pursued, the report would not generate additional audit requirements.

51. Member States would undertake an important role within the enterprise risk management and internal control framework in exercising their governance and oversight responsibilities. Inherent within the proposed integrated enterprise risk management and internal control framework is the concept of the Organization's risk appetite, the risk tolerances for each subprogramme of the budget and the framework within which budgetary and control flexibility may be granted. Through their incorporation within the strategic framework and budgetary submissions, these aspects would be subject to the review and endorsement of the General Assembly.

52. Furthermore, the Independent Audit Advisory Committee would assist the General Assembly in fulfilling its oversight responsibilities pursuant to Assembly resolution 61/275, including the role of advising the Assembly on both the quality and overall effectiveness of risk management procedures and deficiencies in the internal control framework of the United Nations. The proposed implementation of the enterprise risk management and internal control framework would be necessary to facilitate the execution of those tasks, and for the Secretariat to respond accordingly.

53. Pursuant to the mandate of the Office of Internal Oversight Services (OIOS), its Internal Audit Division would be responsible for the independent review of the results of the risk assessments undertaken by management, evaluating the effectiveness of the risk management process and the related risk exposures, as well as reflecting the results in their audit plan.[8] A risk report would be provided to OIOS annually to support the alignment of its internal audit plan to the risk profile of the Secretariat. The level of risk, in terms of its impact and likelihood of occurrence, is typically used to rank the importance of a given area for inclusion within an internal audit plan. In doing so, OIOS should not duplicate management's risk assessment efforts, but would review, critique and draw reliance upon them for their audit planning purposes, and consult with management on the risk assessment process in the final determination of the audit plan. The Internal Audit Division would also periodically assess and evaluate aspects of the enterprise risk management and internal control process to validate that risk identification, assessment, mitigation, monitoring and communication processes are properly and consistently followed across the Organization (see also A/61/605, para. 39 (a)).

[8] See the International Standards for Professional Practice of Internal Auditing of the Institute of Internal Auditors. Performance Standard 2110 on risk management states: "The internal audit activity should assist the organization by identifying and evaluating significant exposures to risk and contributing to the improvement of risk management and control systems." Included in this standard are Implementation Standards 2110.A1 and 2110.A2 which further state: "The internal audit activity should monitor and evaluate the effectiveness of the organization's risk management system" and "The internal audit activity should evaluate risk exposures relating to the organization's governance, operations, and information systems regarding the:

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations.
- Safeguarding of assets."

54. The Board of Auditors audits the accounts of the United Nations pursuant to article VII of the Financial Regulations and Rules of the United Nations. It is anticipated that the risk assessment outputs will be useful inputs to the work of the Board, in particular with reference to its assessment of the functioning of the internal control system of the Secretariat (see regulation 7.5).

Reporting requirements

55. As a basis for decision-making in support of the achievement of results, it would be essential for the Organization to report on the state of risk management, control assessment and monitoring activities. A structured and coordinated information flow both upwards and downwards would be required, internally within the Secretariat and externally to the General Assembly and its subsidiary organs (including the Independent Audit Advisory Committee).

56. One of the most important aspects of the enterprise risk management and internal control process is that it would provide transparency in the identification, assessment and communication of risk and risk response strategies and activities. Risks relevant at the department, office, commission, mission and tribunal levels would be revealed, common concerns identified and the appropriate responses developed at both the local level and across the Secretariat where such risks and risk responses would be shared and coordinated. Timely, transparent and accurate risk and control reporting would enable the Organization to look at risk more broadly and to provide better and more consistent information than is currently available for decision-making at all levels, including senior management, the Secretary-General, possibly a risk assessment board and the General Assembly.

57. The ultimate responsibility for effective and accurate risk reporting would lie with each Under-Secretary-General for his or her areas of responsibility, and with the Secretary-General for risk information and reports to be submitted to the General Assembly. The Chief Risk Officer would assist in the evaluation and dissemination of information related to risk and control activities, and would prepare consolidated reports and such other information as may be required for dissemination to the Management Committee, the Secretary-General and the General Assembly.

58. On an annual basis, or more often depending on what risks arise, the Chief Risk Officer would present to the Management Committee and the Secretary-General a consolidated risk profile of the Secretariat reflecting the most significant risks, for onward submission to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions. This consolidated risk profile would be assembled from the annual risk assessments performed by the departments, offices, commissions, missions and tribunals, utilizing the tools and technologies required to support the process. It would contain prioritized and summarized risk and control information reflecting those risks deemed to be most significant to the Organization on an entity-wide basis. Risk information on significant risks would also be disseminated to the Institute of Internal Auditors, Office of Internal Oversight Services and the Board of Auditors in accordance with established protocols.

59. The new approach to managing risk should be considered an important component of the proposed comprehensive accountability architecture along with a

fully implemented results-based management framework. The following section provides a plan for achieving the Organization's goal of results orientation in all aspects of work and at all staff levels.

V. Results-based management

60. Results-based management is the final key component in improving the governance and oversight of the Organization and the effectiveness and accountability of management. As explained in the present section, when properly implemented within a comprehensive accountability architecture, results-based management provides the basis for greater transparency, more effective budgetary decision-making and, therefore, better working practices between governing bodies and executive management.

61. The General Assembly, in its resolution 61/245, having considered the report of the Secretary-General on the comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies (A/60/883 and Add.1 and 2) and the related report of the Advisory Committee on Administrative and Budgetary Questions (A/61/605), endorsed the conclusions and recommendations of the Advisory Committee and requested the Secretary-General to submit a report on results-based management. In paragraph 6 of its report, the Advisory Committee recommended the use of expertise from within the United Nations system, including the working group of the United Nations System Chief Executives Board for Coordination (CEB) on results-based management, consistent with the provisions of paragraph 2 of General Assembly resolution 60/257 on programme planning, by which the Assembly endorsed the recommendations of the Committee for Programme and Coordination in its report on its forty-fifth session (A/60/16, para. 248 (a)) on the need to take into account the benchmarking framework proposed by the Joint Inspection Unit (A/59/607, A/59/617 and Add.1, A/59/631 and A/59/632).

62. The Advisory Committee identified "strengthening the results-based approach and accountability" for early decision by the Assembly, stating that "effective implementation of results-based management can be expedited through rigorous commitment and leadership of senior management in making improvements in structures, management practices and management tools" (A/61/605, paras. 10 and 14).

63. In its resolution 55/231, the General Assembly adopted results-based budgeting in the United Nations, acting on proposals by the Secretary-General and the recommendations of the Advisory Committee, made in the context of reform. In that resolution, the Assembly requested that measures adopted should be implemented in a gradual and incremental manner, in full compliance with Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (ST/SGB/2000/8) and the Financial Regulations and Rules of the United Nations (ST/SGB/2003/7).

64. The concerns of Member States and of the oversight bodies concerning the inadequate implementation of results-based management have been carefully considered and have given rise to the proposed results-based management framework. Although regulations, rules, procedures and guidelines are in place for

implementing a results-based approach for the preparation of planning and budgeting instruments, the Secretary-General agrees that the actual practice of results-based management of programmes and staff has been inadequate. The planning, budgeting, monitoring and evaluation activities, including the reporting on achievement of results, have been viewed more as a compliance matter rather than as a management tool for understanding what has worked well and why.

65. On the basis of the findings of a comprehensive review of results-based management in the United Nations Secretariat, the Secretary-General proposes to implement a new framework. The framework would firmly establish the practice of results-based management Secretariat-wide on the understanding that it is a broad management approach that uses information about expected results for strategic planning, human resources and budgetary decision-making, performance measurement and learning. Results-based management involves generating and collecting data and evidence regularly and would enable programme managers to focus specifically on the achievement of results so that modifications to the design and delivery of activities could be made to improve and account for performance. The information would also be made available to the Member States through improved reporting.

66. In response to recent requests by the General Assembly,[9] the present section also contains specific proposals by the Secretary-General on strengthening monitoring and evaluation, and integrating the findings from the review of results-based management in the Secretariat. The aim is to ensure that the cycle of planning, programming, budgeting, monitoring and evaluation activity is working effectively and to bring about a more extensive and uniform use of self-evaluation at the programme and subprogramme levels.

67. Figure IV provides an overview of the steps needed under the framework to ensure that all parties involved are accountable for influencing and contributing to agreed results. Annex V to the present report clearly illustrates the roles and responsibilities of the parties. The steps needed under the framework include the following:

(a) Member States (through the General Assembly and the Security Council) would provide directives, priorities and targets for the Organization;

(b) The Secretary-General would translate these into the proposed biennial strategic framework, part one: plan outline; and part two: biennial programme plan;

(c) Programme managers would undertake planning intended to achieve results, addressing risks within their scope that would threaten achievement of outcomes and results (further analysis of the way in which risks would be treated is included in the enterprise risk management section of the present report);

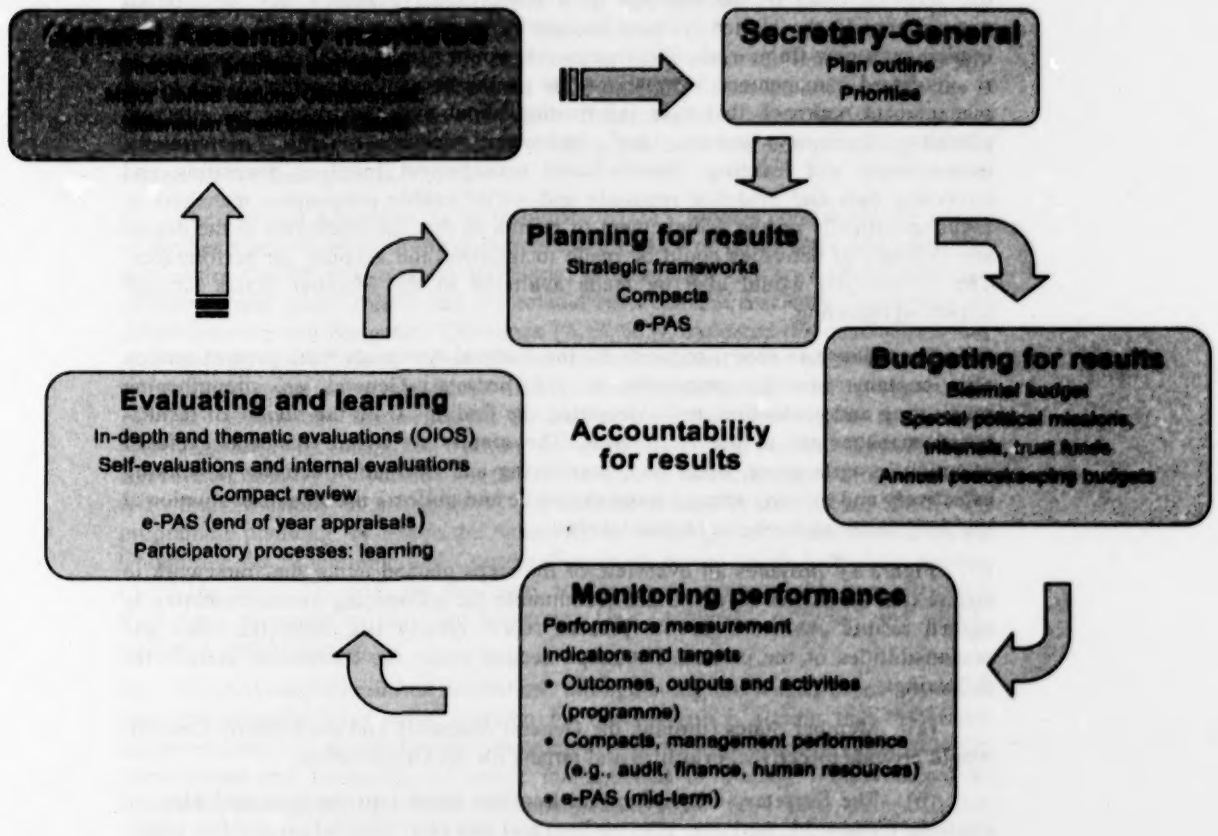
(d) Budgeting for results would be undertaken on the basis of what is known to work, taking into account available resources;

(e) Performance would be continuously monitored and implementation would be adjusted where needed;

[9] Resolutions 60/254 (para. 4), 60/257 (paras. 10 and 15), 60/260 (sect. IV, para. 5), 61/235 (para. 17) and 62/224 (para. 12).

(f) Conduct of evaluations and, more importantly, use of evaluative information for improvements and for learning would be key to achieving results and providing feedback for planning and budgeting.

Figure IV
Overview of steps



68. The success of results-based management, and indeed the introduction of any new policies, procedures and ways to strengthen the effective management of programmes and staff, is dependent on a well-coordinated approach, policy direction, continuous training, guidance and upgrading of skills on a routine basis. The proposed framework would support this approach.

Review of results-based management

69. In response to General Assembly resolution 61/245, the Department of Management conducted a comprehensive review of results-based management. The team, led by the Department of Management, comprised staff members from the Department of Economic and Social Affairs, the Department of Public Information,

the Department of Peacekeeping Operations, the Economic and Social Commission for Asia and the Pacific and the United Nations Chief Executives Board for Coordination (CEB) secretariat. About 50 staff members and senior managers were interviewed for the study. Informal exchanges were held with representatives of the regional groups of the Fifth Committee. An inter-agency workshop with results-based management practitioners from United Nations system organizations was held in Geneva in collaboration with the CEB secretariat. The consultants assisted with technical aspects of the study relating to data gathering for the survey, facilitation of the workshop and research on international best practice.

70. An analysis of the findings of the review highlighted the following problems in the implementation of results-orientation in the Secretariat:

(a) Current system of managing results. Most programmes are not yet implementing results-based management and its purpose is not clear. Few programmes are using results data for performance monitoring, planning or self-evaluation. There is an absence of an organizational strategic plan addressing United Nations objectives globally and regionally. The biennial strategic framework, part one: plan outline, while focused on longer-term objectives and priorities for the Organization, is not available at the time of preparation of part two: biennial programme plan, in which the objectives, expected accomplishments and indicators of achievement are presented for each subprogramme. A coherent structure to establish and encourage results-based management in the United Nations Secretariat is absent. There are too many reporting systems which are not sufficiently integrated and there is insufficient guidance and overall direction. Some of the logical frameworks in the strategic framework are focused on outputs and not outcomes: selection of appropriate indicators requires further improvement;

(b) Use of data for programme planning, budgeting and monitoring. Information on results is not provided frequently enough to allow Member States to determine whether or not changes to the direction of work or budgets are warranted. The quality and relevance of data reported are not easily judged by end-users. Not all staff have the expertise to produce the best relevant data for performance monitoring. The current process is considered inflexible to different departmental needs and changing conditions;

(c) Roles and responsibilities of management. Endorsement and encouragement of results-based management by most levels of management is lacking and most managers do not see the current system of managing results as useful to them. Almost all staff interviewed acknowledged that most managers at the top levels did not emphasize using results information for managing their work programmes and staff. Information on results is perceived to be a reporting requirement rather than a management tool;

(d) Roles and responsibilities of Member States. The desire of Member States to implement results-based management practices is mainly rooted in a wish to improve accountability. Their understanding of results-based management and of their role and responsibility is often uneven. Like staff, delegates have a high turnover rate and are entitled to information on the basic elements of results-based management for their deliberations;

(e) Training, support and communications. The available training and technical support needed for sustainable implementation of results-based

management are inadequate. Training and ongoing support need to be provided on an ongoing basis. There is a lack of trust and information-sharing among Member States and the Secretariat on their respective roles in planning, budgeting, management and oversight: better communication is needed.

71. The survey findings reconfirmed the concerns that have been expressed by the Advisory Committee on Administrative and Budgetary Questions, OIOS, the Joint Inspection Unit, the Board of Auditors and Member States concerning the results-based management issue. The suggestions for improvements included:

(a) Develop an integrated and comprehensive system to establish and strengthen results-based management;

(b) Include accountability for results in the accountability framework;

(c) Develop one integrated system for reporting on all components of the programme planning and budgeting cycle;

(d) Provide clearer guidelines, ongoing training and support;

(e) Establish a dedicated capacity to institutionalize results-based management in the Secretariat, including support for monitoring and evaluation of programmes and activities;

(f) Strengthen the practice of self-evaluation in departments and offices;

(g) Improve the quality of results data for planning and budgeting and enhance performance monitoring;

(h) Enhance information-sharing and communication between the Secretariat and Member States.

Strengthening monitoring and evaluation

72. On the basis of the findings of the review and in response to the specific requests by the General Assembly, the Secretary-General proposes to strengthen the monitoring and evaluation capacities of the Secretariat through the results-based management framework. Results-based monitoring and evaluation go beyond the traditional focus on financial input and output activities and help decision makers to analyse outcomes and impacts and to use the information for future planning. In order to be effective, monitoring and evaluation must address whether the activity had the intended outcome in addition to determining compliance. The availability of effective monitoring and evaluation tools will allow programme managers to reinforce a culture of learning and understanding of the usefulness, efficiency and effectiveness of their work. Effective tools provide senior management and Member States with verifiable and reliable information for planning, facilitate decision-making on programming and budgeting and support managerial focus on achievement of results and outcomes.

73. To facilitate the results orientation of the Secretariat, performance monitoring and self-evaluation, as mandated by the programme planning rules, would be strengthened as outlined below.

Performance monitoring

74. According to the findings of the review, the monitoring of programme and managerial performance in the Secretariat has been inadequate. Performance monitoring should assume a stronger role in determining the progress of work towards achieving outcomes. Performance monitoring is the responsibility of management and covers the following activities: tracking progress made in the implementation of activities and achievements of results; using evaluation methodology to determine performance and achievement of results; and determining the efficient, effective and accountable use of resources, including identification and mitigation of risks (as also discussed in the enterprise risk management section).

75. The programme performance report is an important vehicle for performance monitoring and reporting on achievement of outcomes and outputs to Member States. Priority would be given to improving the usefulness of the programme performance report for both programme managers and Member States by making better use of performance data and by addressing the urgent issue of timeliness of performance reporting. Programme managers would incorporate lessons learned and "implications for future plans and budgets" from the assessment of achievements in the preparation of new plans and budgets and provide information on past performance in time for decision-making on future programmes and subprogrammes.

76. Currently, OIOS is responsible for consolidating the reporting by individual departments on the performance monitoring of their activities on a biennial basis. In accordance with General Assembly resolution 61/245, the responsibility for the report was transferred to the Department of Management. While the Advisory Committee on Administrative and Budgetary Questions had agreed that the preparation of the programme performance report be transferred to the Department of Management, it was noted in the OIOS proposed programme budget for 2008-2009 (A/62/6 (Sect. 29) and Corr.1) that the detailed arrangements for the preparation of the programme performance report would be addressed in the context of the present report. Details on the transfer from OIOS of those functions to the Department of Management, and related resources, appear in addendum I to the present report.

Evaluation

77. The study reconfirmed previous findings by the Advisory Committee on Administrative and Budgetary Questions and the oversight bodies that the use of evaluative information by the Secretariat to inform decision-making on programme planning has been inadequate. There are two types of evaluation under the programme planning rules, namely independent evaluation conducted by the oversight bodies and self-evaluation conducted by management:

(a) The independent evaluations conducted by OIOS are ad hoc in-depth programme-level evaluations and Organization-wide cross-cutting thematic evaluations, conducted at the request of intergovernmental bodies or at the initiative of OIOS. The findings are presented to the General Assembly through the Committee for Programme and Coordination and, when approved, to management for action. The central evaluation function in OIOS is located independently from management. OIOS has full discretion in submitting directly its evaluation reports for consideration at the appropriate level of decision-making. The Joint Inspection

Unit conducts evaluations aimed at improving management and methods and at achieving greater coordination between United Nations organizations;

(b) Programme managers conduct periodic self-evaluations, at their discretion, directed at time-limited objectives and continuing functions to assess relevance, usefulness, efficiency and effectiveness of activities and to make adjustments at the planning and implementation stage.

78. In either case, evaluation is a dedicated formal exercise, subject to specific norms, standards and procedures, conducted to determine relevance and effectiveness, subprogramme outcomes, or impact of programmes. The following actions are proposed for strengthening self-evaluation in the departments and offices:

(a) Departments and offices that do not yet have established policies for the conduct of self-evaluation would be required to issue a directive on the concept, role and use of evaluation, including the institutional framework and definition of roles and responsibilities, scope and periodicity of evaluations and an explanation of how the evaluation function and evaluations are planned, managed and budgeted;

(b) The responsibility for reporting on evaluation follow-up at the departmental level, including demonstrated use of lessons learned and response to evaluation recommendations, would be included in the e-PAS for relevant staff;

(c) Heads of department and office would be accountable to the Secretary-General, through the Management Performance Board, for the use of performance information and overall lessons learned as demonstrated in their compact with the Secretary-General and in the programme performance report;

(d) The proposed monitoring and evaluation support function would be assigned the task supporting departments in their development of self-evaluation in support of results-based management and in accordance with the programme planning and budgeting cycle;

(e) Available standards, guidelines and procedures would be updated and enhanced to facilitate the work of the dedicated evaluation capacities in departments and offices in support of results-based management;

(f) Training modules on roles, responsibilities and use of monitoring and evaluation within the programme cycle would be developed by the proposed results-based management capacity. Technical training on the conduct of evaluation would also be offered to allow staff to obtain certification.

79. Support for these activities would be provided by the proposed results-based management capacity, which includes a monitoring and evaluation support unit. It would be responsible for setting standards and policies for results-based monitoring and evaluation activities; providing guidance; assisting departments and offices in developing a schedule for evaluations; preparing the biennial programme performance report; and undertaking training and knowledge-sharing on monitoring and evaluation. The transfer of the monitoring and evaluation support function to the Department of Management from OIOS would ensure strong managerial ownership of these activities so that they become part of ongoing performance management, planning and control measures. OIOS would continue to undertake in-depth and thematic evaluations and provide quality assurance for the Secretariat's

preparation of the programme performance report and the conduct of self-evaluation.

80. It is important for departments and offices to assign to dedicated staff the responsibility of monitoring and evaluation, and to undertake planning based on information derived from these activities, if results-orientation is to take hold Secretariat-wide. The oversight bodies, including OIOS, have noted with concern that the level of budgetary resources dedicated to monitoring and evaluation in the Secretariat is low and in some cases clearly inadequate. According to a study carried out by OIOS, less than 50 per cent of all subprogrammes were subject to evaluations in 2004-2005. OIOS identified 25 programmes that dedicated less than 1 per cent for monitoring and evaluation and seven programmes that dedicated 0.1 per cent or below. OIOS recommended, for example, that the Department for General Assembly and Conference Management, the Department of Political Affairs, the Department of Economic and Social Affairs and the Department of Management establish dedicated evaluation capacity. The importance of adequately resourcing monitoring and evaluation activities, which would occur through the biennial budgeting process, cannot be understated.

Peacekeeping

81. The work of the Secretariat relating to peacekeeping operations consumes a large portion of the resources of the Organization. The systematic and consistent implementation of results-based management and enterprise risk management would address concerns by Member States regarding the results achieved and the risk exposure especially of large departments such as the Department of Peacekeeping Operations with highly complex operations. With regard to the implementation of results-based management principles, the Department of Peacekeeping Operations and the Department of Field Support face specific challenges due to the dynamic and complex nature of their operations. While peace operations would also be subject to the implementation of results-based management principles, specific approaches would therefore need to be identified. Guidance and support would be provided to peace operations accordingly by the Department of Peacekeeping Operations and the Department of Field Support in consultation with the proposed centralized results-based management capacity in order to ensure better coordination of results-based management Secretariat-wide.

82. The General Assembly approves the annual budgets for peacekeeping missions and considers the annual mission performance reports, which are based on a portfolio of evidence provided by the missions. Some mature peacekeeping missions operate in stable environments, where the application of a results-based approach seems straightforward, while others are subject to constant change. The often difficult circumstances on the ground, especially for new missions where planning and monitoring can be extremely challenging, may make the various aspects of results-based budgeting difficult to implement.

83. It is important to note that a number of Secretariat departments have two sets of results-based budgeting logical frameworks to contend with, namely the regular budget and the support account for peacekeeping operations (some departments, including the Office for the Coordination of Humanitarian Affairs, have a third set for voluntary, extrabudgetary funding). In addition, the frameworks cover different

time periods. The regular budget covers a two-year period while the support account covers a one-year period beginning on 1 July and ending on 30 June the following year, as is also the case with peacekeeping budgets. These departments include the Department of Peacekeeping Operations, the Department of Public Information, OIOS, the Office of Legal Affairs, the Office of the Ombudsman, the Department of Safety and Security and the Department of Management.

Accountability for results

84. Results-based management requires managers to learn from experience and apply this knowledge to day-to-day management, but managers do not necessarily have control over expected results and outcomes. It is management's demonstration of the use of results information and evidence of how programmes influence and contribute to results that would be a part of the Organization's accountability system. Managers would be held accountable for having adjusted activities and outcomes based on performance monitoring. In determining accountability for achieving results in the context of a results-oriented organization, a number of challenges exist, including external factors, such as the influence of other programmes, social and economic factors at the national level and operational and other risks, which may negatively influence the programme's ability to achieve results. The enterprise risk management process is aimed at addressing the influence of risks.

85. In addition to the existing accountability mechanisms, which are described in section III of the present report, managers and staff would also be accountable for undertaking performance monitoring and self-evaluation and for applying findings; measuring the planned outcomes; demonstrating the contribution made by a programme to the expected accomplishments; and demonstrating what was learned over a period of time and what changes were made to be more effective.

Results-based management framework for the United Nations Secretariat

Principles and action plan

86. Considerable experience and lessons learned on results-based management has been built up in national Governments and a variety of international contexts. Taking into account public-sector best practice as well as the results of the survey, the Secretary-General is proposing a results-based management framework for the Secretariat, comprising five basic principles derived from the collective department experience on results-based management and a number of actions to be taken, requiring the active leadership and commitment of senior-level management. The five principles distil the essence of the key elements identified in the review to be necessary for managing a results-oriented organization. The recommendations made by the oversight bodies and the Advisory Committee on Administrative and Budgetary Questions have also been taken into account in the proposal. The proposed results-based management framework is presented below.

Principle 1: foster senior-level leadership in results-based management

Effective leadership is essential if it is to succeed and requires:

- Demonstrated senior management leadership and commitment
- Senior management capacity for results-based management

Actions:

- Use by senior managers of results information contained in the compacts and strategic frameworks for day-to-day management and decision-making on programme activities, resources and staff
- Results-based management is to be part of senior management orientation and training on performance management

Principle 2: build results frameworks with ownership at all levels

The Organization needs to set out the overall and specific strategic results its programmes are collectively and individually intended to achieve and how best to structure itself to achieve them, namely:

- A strategic results framework, outlining organizational objectives and strategies and major risks, aligned with the Organization's programmes
- Results frameworks for programmes showing objectives, strategies and resources used, risks faced and the logic behind the programme design
- Reasonably clear and concrete performance expectations for programmes
- A strategy for measuring key results, including a manageable set of performance indicators for programmes and complementary evaluations
- Ownership by managers and staff of results frameworks that are relevant and useful

Actions:

- Improve existing organizational systems, including results-based budgeting procedures, compacts, e-PAS and reporting, with regard to timing, presentation and usefulness, to align and integrate with agreed results frameworks
- Improve results frameworks at all levels, e.g., through cross-sectional peer reviews, to enhance implementation and ownership
- Adapt terminology where appropriate with that used by United Nations system organizations
- Provide midpoint information briefings to Member States on results-based management issues

Principle 3: sensibly measure results and develop user-friendly results-based information systems

The Organization needs to gather and analyse credible information on performance through:

- Measuring results and costs, using both ongoing monitoring and evaluation and assessing actual results and costs in light of the performance expectations
- Assessing the contribution and influence made by the programmes to the observed results
- Building cost-effective, user-friendly and relevant results-based management information systems

Actions:

- Review comprehensively all performance measures in strategic frameworks and compacts to improve linkages between objectives and expected accomplishments, including indicator selection (e.g., establish indicator bank, focus on performance and quality, improve data collection methods)
- Assess the contribution and influence of organizational units to outcomes
- Develop information technology tools and knowledge management systems in support of results-based management, including creating a results-based management platform under enterprise risk management

Principle 4: use results information for learning, managing, reporting and accountability; promote and support a culture of results

Realizing the benefits from results-based management and fostering an appropriate organizational culture of results are critical and require:

- Using performance information to inform and improve programme performance and budgets
- Identifying and using best practices to improve performance
- Credible performance reporting internally and externally, telling a coherent performance story
- Informed demand for results information
- Supportive organizational systems, incentives, procedures and practices
- A results-oriented accountability regime
- Capacity to learn and adapt
- Results measurement and results-based management capacity
- Clear roles and responsibilities for results-based management

Actions:

- Use results information formally and informally for planning and budgeting
- Enhance reporting on results-based budgeting/results-based management, including with regard to presentation and timing
- Enhance the use of evaluative information overall, including in-depth evaluations, self-evaluations and lessons learned

- Build evaluative knowledge and learning systems to strengthen the implementation of programme planning rules and the peacekeeping planning cycle
- Strengthen results-oriented human resource management policies, including by developing competency for results-orientation and an incentives scheme; and providing ongoing comprehensive training on results-based management
- Hold managers accountable for demonstrating the use of result information and lessons learned
- Define more clearly the roles and responsibilities of programme managers, intergovernmental bodies and oversight bodies for results-based management, including all aspects of programme planning, budgeting, monitoring and evaluation
- Establish a central results-based management support capacity, including a monitoring and evaluation support unit
- Establish dedicated resources and posts for monitoring and evaluation in departments and offices

Principle 5: build an adaptive results-based management regime through regular review and update

Implementing results-based management is an ongoing learning process: regularly review and update all aspects of the results-based management regime — frameworks, indicators, expectations, measurement strategies, systems and use — as to continued relevance, usefulness and cost

Actions:

- Review biennially all aspects of the results-based management framework at the beginning of budget cycles
- Report to the General Assembly periodically on the implementation of the results-based management framework and on matters requiring approval of Member States

Results-based management capacity

87. In order to achieve a fully results-oriented Organization, results-based management needs to be practiced in a cohesive and coordinated manner. While many policies, procedures and measures exist to move towards a results-oriented Organization, guidance and training have so far been provided in a piecemeal fashion and there is currently no effective, centralized and dedicated mechanism in place to ensure the full implementation of results-based management. The success of results-based management depends on an adequate knowledge and experience base among senior management, programme managers and staff-at-large to ensure the sustainability of the framework. The goal is to encourage participation of senior managers in creating a results-oriented organization through the implementation of the new framework.

88. As a priority, a training strategy would therefore be developed aimed at integrating results-based management issues, approaches and concepts into all

management training offered whenever possible in order to build and sustain a culture of results. Basic results-based management training would be offered to all staff in an effort to promote and support a culture of results.

89. In order to implement the proposed results-based management framework and to provide overall guidance and support, it is therefore proposed that a results-based management section be established in the Department of Management. Details of the resource requirements appear in the addendum to the present report. The results-based management section would also assume the functions of monitoring, including responsibility for the biennial programme performance report, and self-evaluation to be transferred, with related resources, from OIOS. In this connection, it is recalled that the General Assembly was informed in the context of the proposed programme budget for 2008-2009 that such transfer of functions and related resources would be addressed as part of the review of results-based management (see paras. 71-79 above). The other functions of the results-based management section would include the following:

(a) Overall support to establishing and promoting a results-oriented culture in the Secretariat, including in peacekeeping missions and special political missions, by establishing, for example, a community of practice of results-based management focal points Secretariat-wide and the provision of support for results-oriented strategic planning, budgeting, monitoring and evaluation;

(b) Overall support to the preparation of the biennial strategic framework, in collaboration with the Office of Programme Planning, Budget and Accounts, in accordance with relevant legislative mandates, as approved by the General Assembly, and assistance to monitoring of programme results achieved by senior managers via their compacts;

(c) Establishment of and/or updating policies and procedures for results-based management (standards, methodology, guidelines, coordination, revisions, as appropriate, to the programme planning rules, and scope and timeliness of reports to Member States);

(d) Provision on a routine basis of support and services to departments and offices for applying results-based concepts, rationalizing related information systems and reviewing logical frameworks and communication;

(e) Provision of training and advisory services. Training modules on results-based management would be developed, coordinated with the needs for enhancing skills for monitoring and evaluation. The training modules would draw on existing training already developed by Office of Programme Planning, Budget and Accounts, OIOS and the United Nations Evaluation Group and be incorporated as part of the standard training programme offered to all staff and managers;

(f) Development and maintenance of a useful results-based management platform under enterprise risk management, including knowledge management;

(g) Support, as needed, to the risk management capacity and the accountability framework.

90. A variety of benefits that have yet to be realized under the current system are intended to flow from the effective implementation of the proposed results-based management framework. For Member States, the primary benefits would include more timely information, for example at midpoint briefings and through more timely

performance reporting, on the results achieved by the Organization and verifiable evidence collected thereon. This would facilitate decision-making by Member States on programmatic and budgetary issues on the basis of findings from monitoring and evaluation exercises and the reporting of risks that threaten the achievement of results. Member States would also be facilitated in their decision-making on the continuing usefulness, efficiency and effectiveness of programmes and subprogrammes. The effective use of results-based management would enhance the accountability of programme managers for using evidence and data for day-to-day management decisions and highlight their contribution to results achieved.

91. The benefits for management and staff under the results-based management framework would include new tools and more useful systems or realignment of existing systems as well as streamlined planning and reporting requirements that allow managers to concentrate on achieving results and limit the time spent on implementing complex processes and procedures. Far from being an additional layer in the management process, the proposed results-based management support capacity would consolidate support functions that were previously at best inadequately resourced and spread across various sections, such as OIOS, the Office of Programme Planning, Budget and Accounts and the Office of the Under-Secretary-General for Management. The results-based management capacity is intended to empower programme managers, equipping them with effective information tools and support systems to track and analyse indicators and results. Training and guidance on results-based management, including on programme planning, budgeting, monitoring and evaluation, would also be provided to programme managers and staff at large on an ongoing basis. Programme managers would have a better foundation and understanding, based on reliable information and evidence, of the best ways to achieve their expected results — what has worked, what has not worked and what needs improvement — and would be able to present to the Secretary-General and to Member States evidence on how their programme contributed to agreed results, thus enabling Member States to assess the overall performance of the Organization.

VI. Conclusions

92. As the Organization is increasingly called upon to undertake more important and complex activities, and as its role is ever-expanding, concerns about weaknesses in accountability, transparency and the achievement of results continue, as do calls for change. It is therefore time for the Organization to manage those concerns and to change through the modernization of its management practices, as it plans its programmes and manages its risks and resources more strategically towards the achievement of tangible results. However, doing so will require a dramatic shift in management culture away from a compliance focus to a results orientation. Such a shift must start at the top of the Organization and cascade from high-level strategic planning to human resource and budget planning. It must also include systematic, proactive monitoring and self-evaluation by all departments and offices, the results of which must be reported regularly to senior management and the Member States.

Accountability architecture

93. The proposed comprehensive and integrated accountability architecture responds to calls for change and answers the concerns of the Secretariat staff and Member States. In this regard, managerial tools have been and continue to be developed that will help in the mechanics of assessing risk, monitoring staff and programmatic performance, evaluating activities for lessons learned and educating for the achievement of results.

94. This architecture, comprised of performance, integrity and compliance pillars, would reflect the Secretariat's commitment to achieving results while respecting its regulations, rules and ethical standards.

95. In addition, the Secretary-General is planning to establish a working group of the Management Performance Board with responsibility for regularly monitoring and actively guiding senior managers to reach expected results.

96. This working group, to be called the Accountability for Results Working Group, with three or four members drawn from Secretariat departments/offices, would be responsible for monitoring on a regular basis progress towards results, identifying systemic, political or other challenges to success, and, when necessary, raising issues for high-level action, in the following key areas:

- The appropriate use of delegations of authority
- Programme and financial performance
- Implementation of oversight body recommendations
- Use of evaluative information for improvements and for learning
- Performance management
- Findings of the administration of justice recommendations

97. The Working Group would monitor each of these key areas for progress or problems and report its findings to the Management Performance Board with recommendations for concrete action to be taken when the Board meets each quarter or on an as-needed basis.

Enterprise risk management

98. In connection with the discussion on enterprise risk management, a process of further consultation is proposed to incorporate feedback and commentary from the multiple parties that would be involved in the process to implement and maintain the enterprise risk management and internal control framework, prior to completing the design and proposing the establishment of an appropriate infrastructure to enable its efficient implementation. This consultation process would involve many stakeholders, including Member States, senior managers, the Independent Audit Advisory Committee, the Advisory Committee on Administrative and Budgetary Questions, OIOS and the Board of Auditors, all of which would play an integral and essential role in ensuring the success of the resultant framework.

99. In order to support the consultation process and to begin raising awareness throughout the Organization of the importance of formal risk management, the Secretary-General proposes to launch a pilot project to establish and communicate

standards and guidelines for risk management for staff at all levels and to integrate the concepts into areas of highest risk.

Results-based management

100. In order to build upon the existing results-based budgeting processes and move towards a fully mature results-based management culture, the Secretary-General proposes to establish a dedicated capacity that would be responsible for advising, supporting and monitoring departments to ensure the complete implementation of results-based management from beginning to end, that is, starting with the strategic planning phase and following through to reporting of results to Member States, including through an improved programme performance report.

101. Consultations would be undertaken with the Strategic Planning Unit in the Executive Office of the Secretary-General to establish clear milestones for achieving the long-term, strategic objectives set by the Member States. Work would be carried out with departments to ensure that priorities were reflected in the logical frameworks and other budget planning documents. The Management Performance Board would ensure that these priorities were reflected in the senior managers' annual compacts. An important aspect of this planning process would be the advisory role that the dedicated capacity would have in helping departments to formulate ambitious yet realistic and measurable performance goals and measures that were results-oriented rather than input/output-oriented and that captured the Organization's priorities at each level of activity and given time period.

102. Results-based management requires managers to monitor and evaluate their programmes and progress regularly and systematically in order to take necessary corrective actions to increase the likelihood of achieving their goals. While this dedicated capacity would not monitor or evaluate programmes itself, it would provide support for monitoring and evaluation and would be responsible for setting standards and policies, training and knowledge sharing, and for assisting departments and offices in developing schedules for evaluation.

103. Such dramatic shifts in management culture cannot occur in a piecemeal or disjointed fashion. The current approach to strategic planning, risk assessment, budgeting, monitoring, evaluation and reporting, carried out on an ad hoc or part-time basis by staff with other primary duties, does not provide the necessary impetus to ensure the required cultural shift towards managing for results. Consequently, four recommendations detailed in the section below have been developed for consideration.

VII. Recommendations

104. **The General Assembly may wish to:**

(a) **Take note of the present report and endorse the proposed comprehensive accountability architecture consisting of three key elements of institutional and personal accountability: performance, compliance and integrity;**

(b) **Endorse the concept of an integrated framework for enterprise risk management and internal control that takes a systematic and holistic approach to proactively identify, assess, evaluate, prioritize, manage and control risk across the Organization in order to increase the likelihood of achieving objectives, and**

approve a pilot project to begin developing standards and guidelines for Secretariat-wide application of risk management;

(c) Endorse the results-based management framework, including its five principles, to foster a more results-oriented Secretariat by integrating and strengthening the cycle of strategic planning, budgeting, monitoring and evaluation;

(d) Endorse the proposal for a dedicated capacity responsible for advising, supporting and monitoring departments to ensure the complete implementation of results-based management as well as for gathering and reporting on critical performance information on which decisions regarding accountability can be made, including implementation of approved reforms and oversight body recommendations.

Annex I

Summary of accountability survey results

Mission Alignment	Clarity of Roles	I understand the mission and purpose of my current organizational unit	45%	45%	5%	3%	1%	1%	●
		I understand my own role and responsibilities	47%	43%	5%	3%	2%	0%	●
		I understand the effect that my work has on UN programmes or operations	40%	44%	9%	4%	2%	1%	●
		I understand the roles and responsibilities of my supervisor(s) and co-workers	29%	49%	10%	7%	5%	0%	●
	Self-efficacy	I feel effective in my job	38%	43%	9%	7%	3%	0%	●
		I feel that my suggestions about changes or improvements are taken seriously	10%	28%	24%	22%	14%	2%	●
Capacity and Tools	Training	I feel that I have access to adequate training opportunities within the UN System	10%	34%	22%	21%	12%	1%	●
		I have obtained adequate training to support me in my current position	11%	38%	21%	21%	9%	1%	●
		My current training opportunities are linked to my desired career goals	8%	29%	28%	22%	11%	3%	●

* Please note that these statements are on a reverse scale.

Source: Accountability Framework Survey.

Key: Strength ↕ Weakness

● Strongly Agree + Agree Approx >50%

● Agree + Neutral + Disagree Approx >60%

● Disagree + Strongly Disagree Approx >50%

Topic	Sub-Topic	Question	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity and Tools (cont.)	Accountability	I feel that I may be held responsible for something that is not in my control*	14%	34%	23%	21%	5%	2%	●
		I feel confident that my supervisor(s) have the appropriate tools and information to make good decisions	9%	32%	23%	21%	13%	2%	●
		I feel that I may be held responsible for something for which I am not adequately equipped*	12%	29%	29%	23%	6%	2%	●
	Resources	I have sufficient financial resources to do my job	8%	37%	22%	21%	9%	3%	●
		I have sufficient human resources to do my job	8%	33%	19%	26%	11%	2%	●
Recognition		I feel that I am adequately recognized for my performance	10%	36%	15%	23%	15%	1%	●
		I believe that I am appropriately recognized for suggesting new ideas or taking new direction	7%	30%	23%	25%	14%	2%	●
Motivation and Performance	Leadership	I feel that management is able to effectively help any underperforming workers to improve their performance or contributions	6%	17%	20%	33%	23%	1%	●
		I trust my supervisor(s) to fairly evaluate my performance	12%	40%	19%	15%	12%	1%	●
		I feel the performance appraisal system is taken seriously by my supervisor(s)	8%	24%	23%	21%	20%	4%	●

* Please note that these statements are on a reverse scale

Source: Accountability Framework Survey

Key: Strength ↕ Weakness

● Strongly Agree + Agree Approx >50%

● Agree + Neutral + Disagree Approx >50%

● Disagree + Strongly Disagree Approx >50%

Motivation and Performance (cont.)	Motivation	Overall, I feel motivated to work hard in my position	21%	42%	13%	16%	7%	0%	●
		I feel that high performing staff are appropriately rewarded (e.g., recognitions, promotion opportunities)	3%	10%	17%	36%	32%	2%	●
	ePAS	I feel that meeting administrative requirements is considered more important than meeting the programme or operational objectives*	18%	35%	27%	14%	3%	4%	●
		I feel that ePAS provides an appropriate framework for documenting staff performance	5%	24%	19%	26%	23%	4%	●
		Overall, I feel that the performance appraisal system is used appropriately to evaluate and document performance	3%	15%	19%	31%	28%	4%	●
		I feel the performance of staff is documented appropriately in ePAS	4%	16%	23%	30%	24%	5%	●
Advancement Opportunities		I believe that the best candidates are usually selected in the promotion process	2%	9%	20%	32%	33%	4%	●
		I believe that the senior management (ASGs and above) selection process is fair	1%	7%	35%	17%	21%	18%	●

* Please note that these statements are on a reverse scale

Source: Accountability Framework Survey

Key: Strength ↕ Weakness

● Strongly Agree + Agree Approx >50%

● Agree + Neutral + Disagree Approx >60%

● Disagree + Strongly Disagree Approx >50%

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Change Readiness	Change Leadership	I believe that change in the UN is necessary for the UN to continue to fulfill its mission	53%	37%	7%	2%	1%	1%	●
		I generally believe that the UN has been slow to change*	44%	38%	11%	4%	1%	2%	●
		I generally trust UN leadership and management to make the right decisions concerning change	5%	23%	30%	26%	14%	3%	●
		I am confident that my supervisor(s) will make good decisions	7%	32%	27%	20%	12%	2%	●
		I believe that the reasons for change are adequately communicated to me	3%	25%	28%	29%	13%	2%	●
		I believe that the UN leadership and management are serious about change	5%	26%	32%	23%	11%	4%	●
	Individual Change Readiness	I am generally in support of change, even if it means that the way I do my job or the way that I am appraised changes	35%	53%	9%	2%	1%	1%	●
		I believe that my co-workers generally support change	7%	37%	29%	17%	4%	6%	●
		I generally view change as an opportunity	36%	49%	10%	3%	1%	1%	●

* Please note that these statements are on a reverse scale

Source: Accountability Framework Survey

Key: Strength ↕ Weakness

● Strongly Agree + Agree Approx >50%

● Agree + Neutral + Disagree Approx >60%

● Disagree + Strongly Disagree Approx >50%

Annex II

Applying risk to audit planning

Tier 2 – secondary risks These risks are difficult to predict, but can be catastrophic if they occur. **Level of risk:** high **Likelihood:** low **Treatment:** monitor level of risk and risk controls **Type of control activity:** detective **Internal audit focus:** moderate to high, second highest percentage of audit plan	***Tier 1 – primary risks*** These risks are perceived to be of greatest importance and critical to meeting organizational objectives. **Level of risk:** high **Likelihood:** high **Treatment:** ongoing monitoring and improvement **Type of control activity:** preventive and detective **Internal audit focus:** high, highest percentage of audit plan
Tier 3 – tertiary risks These risks are infrequent and not severe. They are often less predictable, but not significant or likely to occur. **Level of risk:** low **Likelihood:** low **Treatment:** accept risk **Type of control activity:** minimal preventive and detective **Internal audit focus:** low, only as considered necessary	***Tier 2 – secondary risks*** These risks are frequent and relatively routine. Monitoring considerations are to provide assurance that they continue to be properly managed. **Level of risk:** low to moderate **Likelihood:** moderate to high **Treatment:** monitor level of risk **Type of control activity**: preventive **Internal audit focus:** low, lowest percentage of audit plan

High

Low

Low **High**

Likelihood

The chart above illustrates how risk may be reflected within an audit plan, using the inherent risk and impact identified within the risk assessment process.

Note that the expected accomplishments for the Internal Audit Division of the Office of Internal Oversight Services refer to risk. Furthermore, the indicator of achievement measures management acceptance of "critical audit recommendations".[a]

The definition of "critical", was established by the General Assembly in its resolution 56/246. It provides static (e.g., a $25,000 threshold for savings, recoveries, etc.) as well as subjective criteria (e.g., measurable improvements to process) for the determination of critical items. The Assembly also invited the Office to further refine the criteria. The definition of "critical" within the enterprise risk management and internal control framework should move towards relative measures that apply the risk appetite and tolerance levels agreed by the Assembly and therefore better reflect the appropriate relative prioritization of risks as identified from managements' risk assessment efforts.

[a] A/62/6 (Sect. 29), table 29.7, items (b) and (c).

Annex III

Catalogue of risk categories, or "risk universe"

1. Strategic

1.1 Planning and resource allocation

1.1.1 Vision and mandate

1.1.2 Strategic planning

1.1.3 Budgeting

1.1.4 Budget allocation

1.1.5 Human resources strategy and planning

1.1.6 Planning execution and integration

1.1.7 Organizational synchronization

1.1.8 Overlapping mandates

1.1.9 Outsourcing

1.2 Principal organs, members and partners

1.2.1 General Assembly and Member States

1.2.2 Partners, affiliates, agencies and donors

1.2.3 Organizational relationships

1.3 Internal and external factors

1.3.1 Political climate — external

1.3.2 Political climate — internal

1.3.3 Economic factors — commodity prices

1.3.4 Unique events (i.e., pandemic, election, environmental crisis)

1.3.5 Organizational transformation

2. Governance

2.1 Governance

2.1.1 Tone at the top

2.1.2 Secretariat, councils and committees

2.1.3 Control environment

2.1.4 Decision-making — General Assembly, Security Council and committees

2.1.5 Organizational structure

2.1.6 Performance measurement

2.1.7 Performance management

2.1.8 Joint inter-agency operation and partnering

2.1.9 Transparency

2.1.10 Leadership and management

2.1.11 Accountability

2.1.12 Empowerment

2.2 Ethical behaviour

2.2.1 Ethics

2.2.2 Fraud and illegal acts

2.2.3 Conflicts of interest

2.2.4 Professional conduct and confidentiality

2.3 Communications and public relations

2.3.1 Media relations and public information

2.3.2 Crisis communications

2.3.3 Personnel communications

2.3.4 Broadcast — radio and television

2.3.5 Technology communication

2.4 Reputation

2.4.1 Public perception, support and reputation

2.4.2 Crisis and contingency planning and management

3. Operations

3.1 Programme management

3.1.1 Advocacy

3.1.2 Outreach activities

3.1.3 Economic and social development

3.1.4 Conference management

3.1.5 Research, analysis and advisory activities

3.1.6 Policy development

3.1.7 Inter-agency cooperation and liaison activities

3.2 Mission activities

3.2.1 International peace and security

3.2.2 Electoral support

3.2.3 Rule of law

3.2.4 Disaster response and humanitarian assistance

3.2.5 Mission planning

3.2.6 Mission start-up

3.2.7 Mission liquidation

3.2.8 Logistics

3.2.9 Air, land and sea operations

3.2.10 Engineering

3.2.11 Communications

3.2.12 Mission staffing

3.2.13 Mission creep

3.3 International tribunals

3.3.1 Investigations and prosecution

3.3.2 Trials and appeals

3.3.3 Witness protection

3.3.4 Completion strategy

3.3.5 Residual capacity and activities

3.4 Support services

3.4.1 Funding

3.4.2 Translation and interpretation

3.4.3 Procurement

3.4.4 Supplier management

3.4.5 Asset and inventory management

3.4.6 Facilities and real estate management

3.4.7 Capital master planning

3.4.8 Business continuity

3.4.9 Commercial activities

3.4.10 Legal aid

3.4.11 Court management and legal support

3.4.12 Detention unit management

3.5 Human resources

3.5.1 Resource allocation and availability

3.5.2 Recruiting, hiring and retention

3.5.3 Succession planning and promotion

3.5.4 Conduct and discipline

3.5.5 Development and performance

3.5.6 Compensation and benefits

3.5.7 Medical services

3.5.8 Safety and security

3.5.9 Training

3.5.10 Mobility

3.6 Intellectual property

3.6.1 Knowledge management

3.6.2 Information and document management

3.7 Information resources and information technology

3.7.1 Information technology strategy and system implementation

3.7.2 Information technology security and access

3.7.3 Information technology availability and continuity

3.7.4 Information technology integrity

3.7.5 Information technology infrastructure and systems

4. Compliance

4.1 Legal

4.1.1 Contract

4.1.2 Intellectual property

4.1.3 Anti-corruption

4.1.4 International law

4.1.5 Privacy

4.2 Regulatory

4.2.1 Internal policies and resolutions

4.2.2 United Nations labour relations

4.2.3 Host country regulations

5. Financial

5.1 Funding and investments

5.1.1 Financial contributions

5.1.2 Extrabudgetary funding

5.1.3 Trust funds — receipt of cash

5.1.4 Trust fund management

5.1.5 Donor fund management and reporting

5.1.6 Cash management

5.1.7 Investments

5.1.8 Financial markets

5.1.9 Insurance

5.2 Accounting and reporting

5.2.1 Financial management and reporting

5.2.2 General accounting

5.2.3 Financial controls

5.2.4 Liability management and disbursements

5.2.5 Staff tax reimbursements

Annex IV

Risk rating criteria

Impact

		Description of impact						*Recovery*
Score	*Rating*	*Safety and security*	*Duration*	*Organizational and operational scope*	*Reputational impact*	*Impact on operations*	*Financial impact (measured in terms of budget)*	*Required action to recover*
5	Critical	Loss of life (staff, partners, general population)	Potentially irrecoverable impact	Organization-wide; inability to continue normal business operations across the Organization	Reports in key international media for more than one week	Inability to perform mission or operations for more than one moth	>5%/ >$500 million	Requires significant attention and intervention from General Assembly and Member States
4	Significant	Loss of life due to accidents/non-hostile activities	Recoverable in the long term (i.e., 24-36 months)	Two or more departments/offices or locations; significant ongoing interruptions to business operations within two or more departments/ offices or locations	Comments in international media/forum	Disruption in operations for one week or longer	3-5%/ $200 million-$500 million	Requires attention from senior management
3	High	Injury to United Nations staff, partners and general population	Recoverable in the short term (i.e., 12-24 months)	One or more departments/offices or locations; moderate impact within one or more departments/offices or locations	Several external comments within a country	Disruption in operations for less than one week	<2-3%/ $200 million-$300 million	Requires intervention from middle management
2	Moderate	Loss of infrastructure, equipment and other assets	Temporary (i.e., less than 12 months)	One department/office or location; limited impact within department/office or location	Isolated external comments within a country	Moderate disruption to operations	<1-2%/ $100 million-$200 million	Issues delegated to junior management and staff to resolve
1	Low	Damage to infrastructure, equipment or other assets	Not applicable or limited impact				<1%/ <$100 million	Not applicable or limited impact

Management effectiveness/control

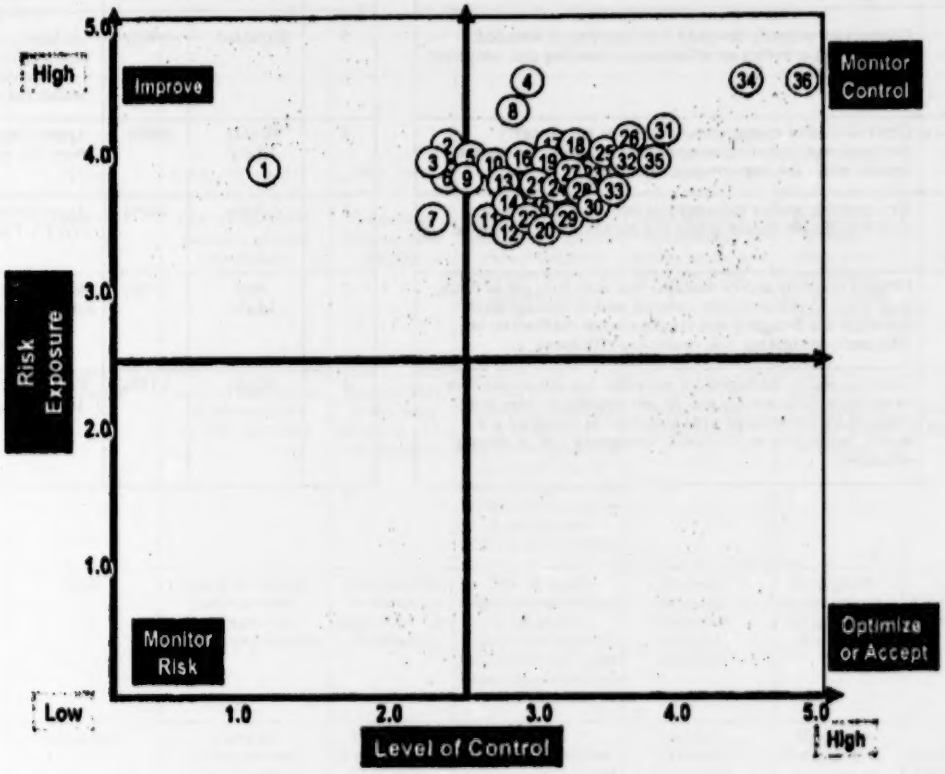
Score	*Rating*	
5	Effective	Controls are properly designed and operating as intended; management activities are effective in managing and mitigating risks
4	Limited improvement needed	Controls and/or management activities are properly designed and operating somewhat effectively, with some opportunities for improvement identified
3	Significant improvement needed	Key controls and/or management activities are in place, with significant opportunities for improvement identified
2	Ineffective	Limited controls and/or management activities are in place, high level or risk remains; controls and/or management activities are designed and are somewhat ineffective in efficiently mitigating risk or driving efficiency
1	Highly ineffective	Controls and/or management activities are non-existent or have major deficiencies and do not operate as intended; controls and/or management activities as designed are highly ineffective in efficiently mitigating risk or driving efficiency

Likelihood

Score	*Rating*	*Certainty*	*Frequency*
5	Expected	>90%	At least yearly and/or multiple occurrences within the year
4	Highly likely	≤90%	Approximately every 1-3 years
3	Likely	≤60%	Approximately every 3-7 years
2	Not likely	≤30%	Approximately every 7-10 years
1	Slight	<10%	Every 10 years and beyond or rarely

Annex V

Risk and control effectiveness matrix (heat map) — tier 1 risks



The "heat map" above plots the most significant risks (i.e., tier 1 risks) of the United Nations Secretariat as identified during the entity-level risk assessment performed during the enterprise risk management and internal control framework review. It displays the category of risks similar to those that would be provided within the proposed annual report to the General Assembly on significant risks.

The "heat map" provides a graphical presentation of the risk mitigation activities required for the identified risks. For the tier 1 risks listed above, those in the quadrant labelled "monitor control" are significant risks that are perceived to be appropriately managed, so they would require monitoring activities to provide assurance as to the ongoing effectiveness of controls. Those that fall within the "improve" quadrant may require further risk mitigation activities to seek to reduce the residual risk to the Organization. This is undertaken by the risk owner, who would perform a root-cause analysis to better understand the basis for the risk and identify means to reduce that exposure. However, owing to the nature of the Organization's mandates, there may be inherent risks that cannot be mitigated through alternate risk treatment, and these may always fall in the category that indicates a need for improvement in the activities around risk mitigation.

The risk categories listed above within the tier 1 heat map are listed below, and are generated from the descriptive catalogue of risks identified for the Organization or the "risk universe".[a]

1. Tone at the top (2.1.1)
2. Accountability (2.1.11)
3. Decision-making — General Assembly, Security Council and committees (2.1.4)
4. Broadcast — radio and television (2.3.4)
5. Human resources strategy and planning (1.1.5)
6. Joint inter-agency operation and partnering (2.1.8)
7. Performance management (2.1.7)
8. Mission start-up (3.2.6)
9. Trust funds — receipt of cash (5.1.3)
10. Transparency (2.1.9)
11. Leadership and management (2.1.10)
12. Crisis and contingency planning and management (2.4.2)
13. Recruiting, hiring and retention (3.5.2)
14. Information technology strategy and system implementation (3.7.1)
15. Information technology security and access (3.7.2)
16. Insurance (5.1.9)
17. Completion strategy (3.3.4)
18. Safety and security (3.5.8)
19. Overlapping mandates (1.1.8)
20. Funding (3.4.1)
21. Organizational synchronization (1.1.7)
22. Procurement (3.4.3)
23. International peace and security (3.2.1)
24. Mission planning (3.2.5)
25. International law (4.1.4)
26. Policy development (3.1.6)

[a] See annex III.

27. **Translation and interpretation (3.4.2)**
28. **Media relations and public information (2.3.1)**
29. **General Assembly and Member States (1.2.1)**
30. **Vision and mandate (1.1.1)**
31. **Detention unit management (3.4.12)**
32. **Host country regulations (4.2.3)**
33. **Ethics (2.2.1)**
34. **Air, land and sea operations (3.2.9)**
35. **Internal policies and resolutions (4.2.1)**
36. **Witness protection (3.3.3)**

Annex VI

Roles and responsibilities for results-based management

Functions	*Management*	*General Assembly*	*Office of Internal Oversight Services*
Programme planning Strategic framework Part one: plan outline Part two: biennial programme plan (strategy, objectives, expected accomplishments and indicators of achievement)	Use of results information for strategic programme planning: • Part one: propose priorities (plan outline) • Part two: propose strategy (strategic frameworks) • Compacts: internal annual targets	Provide direction for the work of the Organization: set goals and objectives Approval of proposed strategic framework	Monitor use of evaluation recommendations/lessons learned for planning Provide routine oversight coverage
Budgeting Biennial programme budget Special political missions, tribunals, peacekeeping operations	Set targets for measuring performance, use results and lessons learned to inform budget proposal	Consideration and approval of biennial budget (Fifth Committee)	Routine auditing
Monitoring Biennial programme performance report	Performance monitoring: performance measurement (achievement of results; efforts to improve efficiency and effectiveness; implementation of audit observations and recommendations)	Monitoring of the attainment of the objectives and results of the Organization (Committee for Programme and Coordination)	Monitoring of the implementation of results-based management system in Secretariat: periodic inspection/audit of results-based management system Quality assurance: performance monitoring
Evaluation	Self-evaluation (discretionary)	Use of evaluation findings for decision-making Fifth Committee/Committee for Programme and Coordination/ intergovernmental or expert organs directly concerned with each programme	Independent in-depth and thematic evaluation Quality assurance: self-evaluation methodology
Reporting	Performance reporting (programme performance reports)	Consideration of reports Use of results information for decision-making	Evaluation reports Quality assurance: inspection/audit reports
Accountability framework Accountability for results	Demonstrated use of results information for programme planning and delivery (management response and lessons learned); attestation for results achieved (compacts, e-PAS)	Monitoring of results-based management framework	Relevant audit recommendations